

27.204-1 Use of patented technology under the North American Free Trade Agreement.

(a) The requirements of this section apply to the use of technology covered by a valid patent when the patent holder is from a country that is a party to the North American Free Trade Agreement (NAFTA).

(b) Article 1709(10) of NAFTA generally requires a user of technology covered by a valid patent to make a reasonable effort to obtain authorization prior to use of the patented technology. However, NAFTA provides that this requirement for authorization *may* be waived in situations of national *emergency* or other circumstances of extreme urgency, or for public noncommercial use.

(c) Section 6 of Executive Order 12889, "Implementation of the North American Free Trade Act," of December 27, 1993, waives the requirement to obtain advance authorization for an invention used or manufactured by or for the Federal Government. However, the patent owner *shall* be notified in advance whenever the agency or its contractor knows or has reasonable grounds to know, without making a patent search, that an invention described in and covered by a valid U.S. patent is or will be used or manufactured without a license. In cases of national *emergency* or other circumstances of extreme urgency, this notification need not be made in advance, but *shall* be made as soon as reasonably practicable.

(d) The *contracting officer*, in consultation with the office having cognizance of patent matters, *shall* ensure compliance with the notice requirements of NAFTA Article 1709(10) and Executive Order 12889. A contract award *should* not be suspended pending notification to the patent owner.

(e) Section 6(c) of Executive Order 12889 provides that the notice to the patent owner does not constitute an admission of infringement of a valid privately-owned patent.

(f) When addressing issues regarding compensation for the use of patented technology, Government personnel *should* be advised that NAFTA uses the term "adequate remuneration." Executive Order 12889 equates "remuneration" to "reasonable and entire compensation" as used in [28 U.S.C. 1498](#), the statute that gives jurisdiction to the U.S. Court of Federal *Claims* to hear patent and copyright cases involving infringement by the Government.

(g) When questions arise regarding the notice requirements or other matters relating to this section, the *contracting officer* *should* consult with legal counsel.

Parent topic: [27.204 Patented technology under trade agreements.](#)